

MICROENTERPRISE

Program Survey for Regulatory Agencies

Program Name: Community Affairs Program

Web Address:

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Which financial institutions does your agency supervise?

The Federal Reserve System supervises state-chartered banks and their foreign branches and subsidiaries that are members of their system. A bank holding company that owns, or has controlling interest (25 percent or more voting power) in one or more banks and has nonbank subsidiaries and foreign subsidiaries is also regulated by the Federal Reserve System.

How do federally regulated financial institutions support microenterprise development?

There are some federally regulated financial institutions that provide micro-loans to entrepreneurs. Many of these institutions consider a microloan to be a loan that is no more than \$100,000 and is used to help finance machinery, equipment, fixtures and working capital.

How does your agency encourage financial institution support for microenterprise development?

The Federal Reserve Board encourages financial institution support for microenterprise development through its Community Affairs program. Community Affairs is decentralized with staff in the twelve Federal Reserve Banks and at the Federal Reserve Board in Washington, D.C. It's mission is to provide financial institutions, community organizations, state and local governments, nonprofit organizations, and others with information about successful community and economic development lending programs and initiatives that can help stimulate lending in low-and moderate-income neighborhoods.

Where can a micro-entrepreneur, intermediary or financial institution learn more about local agency supported, sponsored or facilitated microenterprise development programs or initiatives?

The Community Affairs program has an extensive outreach program where staff provides financial institutions and other community and economic development professionals with information regarding microenterprise development programs and initiatives as well as information on other community development initiatives.

Examples of Microenterprise Development Programs sponsored, supported or facilitated by the agency:

Since 1996, the Federal Reserve System has conducted numerous outreach meetings specifically on microenterprise development and has cosponsored numerous conferences and seminars. Following is a list of events sponsored or cosponsored by the System.

The Federal Reserve Bank of **Boston** cosponsored the following events: 1) a Microenterprise Development Conference with the Finance Authority of Maine, the Key Bank of Maine, and the Peoples Heritage Bank of Maine; 2) a seminar for microenterprise lenders on marketing with the Massachusetts Microenterprise Coalition; 3) a forum for nonprofit organizations on microenterprise lending standards and evaluations with the Massachusetts Microenterprise Coalition; 4) a training seminar for microenterprise practitioners on making good loan decisions with the Maine Microenterprise Coalition – MicroNet; and, 5) a forum for lenders and microenterprise entrepreneurs to discuss the financing needs of small startup businesses with Working Capital.

The Federal Reserve Bank of **Richmond** cosponsored with Working Capital Delaware a presentation for Maryland's Eastern Shore bankers. Working Capital has a group lending program, which builds communities by supporting the development of micro businesses. The Director for the Women's Center for Economic Options, Mary Dupont, conducted the presentation and gave a brief overview of her organization and its structure. She presented global models of peer lending, the origins of Working Capital, its track record, mission statement, the processes that a typical group goes through, and the essentials of Working Capital's program design. A luncheon followed during which the bankers and members of the organizing committee were able to network and discuss some of the specifics of the presentation and the essentials of the program.

The Federal Reserve Bank of **Atlanta** sponsored a workshop that provided a forum to discuss the pertinent issues related to microenterprise lending.

The Federal Reserve Bank of **Minneapolis** conducted "Closing the Deal: Affordable Housing and Economic Development Financing Expo." This one-day conference was aimed at lenders, local and state government officials, community and neighborhood developers, grass-roots neighborhood organizations, and any others working in community development in the Twin Cities metropolitan area. Topics discussed included government loan programs, establishing partnerships, establishing a microloan program, and financing polluted real estate.

The Federal Reserve Bank of **Dallas** sponsored a "Symposium on Microlending" at the Omni San Antonio Hotel in San Antonio, Texas. The symposium included discussions on partnerships between microlenders and financial institutions, the role of CDFIs in microlending, the capitalization of microloan funds, and how microloan funds are marketed, originated and serviced.

The Federal Reserve Bank of **Dallas** cosponsored with ACCION Texas, a luncheon and informational session to introduce ACCION Texas to the Houston banking community. Approximately 52 bankers were in attendance.

The Federal Reserve Bank of **San Francisco** hosted a meeting at the Federal Reserve in San Francisco to discuss microenterprise opportunities for people with disabilities. The audience included community affairs representatives of the OCC, FDIC, and OTS, representatives of local departments of rehabilitation, and executives from nonprofit organizations like the World Institute on Disabilities. Representatives from local technical assistance providers presented ideas, and the various departments of rehabilitation agreed to work with them to write contracts that will allow their clients to afford the services these providers offer. Services include small and micro business planning and education and affordable office space.

The Federal Reserve Bank of **San Francisco** hosted an informational meeting on micro-enterprise development for financial institutions in Hilo, Hawaii. The meeting included a history and overview of different strategies of microenterprise development and a detailed presentation on Working Capital (a peer lending microloan program that is successfully operating in various states). During the meeting, participants discussed how Working Capital could be replicated on the Big Island of Hawaii.

The Federal Reserve Bank of **San Francisco** along with the U.S. Department of Education, the World Institute on Disabilities, and the Computer Technologies Program hosted a meeting to discuss microenterprise opportunities for people with disabilities. The audience included representatives of the State of California Department of Rehabilitation, local banks, local technical assistance providers, and nonprofit programs for people with disabilities. Topics included: 1) plans to vendorize nonprofit technical assistance programs in California to be eligible for Department of Rehabilitation funding for people with disabilities who go through their programs; 2) plans for a conference on providing access to small business opportunities for people with disabilities and; 3) creation of programs to fund businesses started by people with disabilities, particularly focusing on raising the income level of low-income and unemployed people. The Federal Reserve provided space, refreshments, and informational materials. Judith Heumann, Assistant Secretary, U.S. Department of Education, joined the meeting to discuss her experience in this field.

The Federal Reserve Bank of **San Francisco** hosted the Las Vegas Community Reinvestment Act (CRA) roundtable, held at the offices of Norwest Bank in downtown Las Vegas. The roundtable featured two guest speakers: 1) Gerry Alcasas, Director of Nevada Self-Employment Trust, an organization that provides small business technical assistance and micro loans to low- and moderate-income entrepreneurs throughout the state of Nevada; 2) Dr. Keith Schwer, Director of UNLV's Center for Business and Economic Research, which tracks local economic indicators and regional business conditions on an on-going basis.

The Federal Reserve Bank of **San Francisco** hosted a meeting with microloan and microenterprise providers in the Los Angeles area. The meeting was held as a follow-up to a microenterprise summit held earlier to determine the next steps for the support and further development of Los Angeles organizations.

Other Related Websites:

The Community Affairs program is in the process of developing a public website that will link all twelve Reserve Bank programs and the Washington oversight office. This will allow users access to any one of the programs via one website.